

(4) TIMELY REGULATIONS.—The Secretary of the Treasury.

consistent with section 104, shall first issue by not later than April 1, 1997, such regulations as may be necessary to carry out the amendments made by this section.

(5) LIMITATION ON ACTIONS.—No enforcement action shall

be taken pursuant to the amendments made by this section against a group health plan or health insurance issuer with respect to a violation of a requirement imposed by such amendments before January 1, 1998, or, if later, the date of issuance of regulations referred to in paragraph (4), if the plan or issuer has sought to comply in good faith with such requirements.

SEC. 402. PENALTY ON FAILURE TO MEET CERTAIN GROUP HEALTH

PLAN REQUIREMENTS.

(a) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1986 (relating to qualified pension, etc., plans) is amended by adding after section 4980C the following new section:

"SEC. 4980D. FAILURE TO MEET CERTAIN GROUP HEALTH PLAN REQUIREMENTS.

"(a) GENERAL RULE.—There is hereby imposed a tax on any failure of a group health plan to meet the requirements of chapter 100 (relating to group health plan portability, access, and renewability requirements).

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure shall be \$100 for each day in the noncompliance period with respect to each individual to whom such failure relates.

"(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term "noncompliance period" means, with respect to any failure, the period—

"(A) beginning on the date such failure first occurs, and

"(B) ending on the date such failure is

corrected.

"(3) MINIMUM TAX FOR NONCOMPLIANCE PERIOD

WHERE

FAILURE DISCOVERED AFTER NOTICE OF EXAMINATION.

—Notwith-

standing paragraphs (1) and (2) of subsection (c).—

"(A) IN GENERAL.—In the case of 1 or more failures

with respect to an individual—

"(i) which are not corrected before the date a notice of examination of income tax liability is sent to the employer, and

"(ii) which occurred or continued during the period under examination.

the amount of tax imposed by subsection (a)

by reason
of such failures with respect to such
individual shall not
be less than the lesser of \$2,500 or the
amount of tax
which would be imposed by subsection (a)
without regard
to such paragraphs.

"(B) HIGHER MINIMUM TAX WHERE VIOLATIONS
ARE
MORE THAN DE MINIMIS.—To the extent
violations for which
any person is liable under subsection (e) for
any year
are more than de minimis, subparagraph (A)
shall be
applied by substituting "\$15,000" for "\$2,500"
with respect
to such person.